景瑞控股
JINGRUI HOLDINGS

JINGRUI HOLDINGS LIMITED
景瑞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01862)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL RESULTS HIGHLIGHTS

- Contracted sales for the year ended 31 December 2018 was approximately RMB25,235.9 million, representing a year-on-year increase of 37.4%.
- Revenue for the year ended 31 December 2018 was RMB11,268.2 million, representing a decrease of approximately 28.1% as compared to last year. It was mainly due to the decrease of projects within the consolidation scope while there had been growing number of fund-based and cooperative development projects as a result of the transformation and upgrading of the Group.
- For the year ended 31 December 2018, the gross profit of the Group was RMB2,547.2 million and the gross profit margin was 22.6%. The significant increase of 6.5 percentage points in our gross profit margin as compared to last year, which was mainly due to the increase in gross profit as a result of the increase in the selling price of the projects delivered during the Year.
- For the year ended 31 December 2018, the Group recorded a net profit of RMB1,302.9 million, representing a year-on-year increase of 44.1%. It was mainly due to the increase in the gross profit of the properties delivered during the Year, the increase in the gains arising from appreciation of investment properties held by the Group and the increase in the share of results attributable to the cooperative development projects. The profit attributable to equity holders was RMB1,031.9 million, representing an increase of 28.1% from the previous year.
- Total assets as of 31 December 2018 was RMB47,882.6 million, representing an increase of 22.2% as compared to that of 31 December 2017.
- As of 31 December 2018, net debt-to-capital ratio was approximately 64%, representing a year-on-year improvement of 4 percentage points. Total cash at bank and on hand (including restricted cash) reached RMB13,070.2 million.
- As at 31 December 2018, land bank of the Group was approximately 4,804,192 sq.m..
- The Board proposed to distribute a dividend of HKD0.30 per share for the year ended 31 December 2018.

The board (the “**Board**”) of directors (the “**Directors**”) of Jingrui Holdings Limited (“**Jingrui**” or the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**us**” or “**our**”) for the year ended 31 December 2018 (the “**Year**”):

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	Year ended 31 December 2018 RMB'000	2017 RMB'000
Revenue	4	**11,268,203**	15,668,404
Cost of sales	7	**(8,721,010)**	(13,150,265)
Gross profit		**2,547,193**	2,518,139
Gains arising from appreciation of investment properties under office and apartment platform		**388,051**	38,760
Fair value gains/(losses) on investment properties under other platforms		**54,708**	(2,796)
Selling and marketing costs	7	**(307,179)**	(363,862)
Administrative expenses	7	**(780,274)**	(607,751)
Other income	5	**68,338**	290,656
Other gains – net	6	**228,830**	136,051
Operating profit		**2,199,667**	2,009,197
Finance income	8	**53,343**	59,630
Finance costs	8	**(337,650)**	(170,332)
Finance costs – net		**(284,307)**	(110,702)
Share of results of joint ventures		**(47,324)**	(70,164)
Share of results of associates		**172,387**	(8,001)
		125,063	(78,165)
Profit before income tax		**2,040,423**	1,820,330
Income tax expense	9	**(737,532)**	(916,398)
Profit for the year		**1,302,891**	903,932

CONSOLIDATED INCOME STATEMENT (CONTINUED)
For the year ended 31 December 2018

		Year ended 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Attributable to:			
Equity holders of the Company		**1,031,919**	805,761
Holders of perpetual capital instruments		**–**	20,472
Non-controlling interests		**270,972**	77,699
		1,302,891	903,932
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	*10*	**RMB0.77**	RMB0.62
– Diluted earnings per share	*10*	**RMB0.77**	RMB0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**1,302,891**	903,932
Other comprehensive income/(losses) that may be reclassified subsequently to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**–**	(138,286)
Other comprehensive income/(losses) that will not be reclassified to profit or loss		
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	**(81,702)**	–
Other comprehensive income/(losses) for the year, net of tax	**(81,702)**	(138,286)
Total comprehensive income for the year	**1,221,189**	765,646
Attributable to:		
Equity holders of the Company	**950,217**	667,475
Holders of perpetual capital instruments	**–**	20,472
Non-controlling interests	**270,972**	77,699
	1,221,189	765,646

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

		As at 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**71,427**	54,893
Investment properties		**7,154,272**	5,782,972
Intangible assets		**2,845**	10,699
Investments in joint ventures		**605,828**	257,330
Investments in associates		**583,558**	106,462
Deferred income tax assets		**166,276**	267,968
Financial assets at fair value through profit or loss		**551,606**	–
Financial assets at fair value through other comprehensive income		**472,104**	–
Available-for-sale financial assets		**–**	769,198
Trade and other receivables and prepayments	*12*	**325,783**	717,805
		9,933,699	7,967,327
Current assets			
Prepayments for leasehold land		**–**	911,176
Properties held or under development for sale		**18,541,307**	12,761,909
Trade and other receivables and prepayments	*12*	**6,099,232**	6,124,024
Prepaid income taxes		**103,312**	212,911
Financial assets at fair value through profit or loss		**92,555**	–
Available-for-sale financial assets		**–**	251,813
Contract acquisition costs		**42,241**	–
Right to acquire the land use rights		**–**	1,434,745
Restricted cash		**1,354,871**	1,248,445
Cash and cash equivalents		**11,715,378**	8,264,836
		37,948,896	31,209,859
Total assets		**47,882,595**	39,177,186
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value		**86,634**	79,361
Reserves		**4,600,358**	3,652,445
		4,686,992	3,731,806
Non-controlling interests		**4,126,155**	2,401,115
Total equity		**8,813,147**	6,132,921

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2018

		As at 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**12,017,359**	9,309,683
Deferred income tax liabilities		**1,321,233**	1,457,523
		13,338,592	10,767,206
Current liabilities			
Trade and other payables	*13*	**13,472,373**	9,206,924
Amounts due to non-controlling interests of subsidiaries		**377,894**	635,839
Finance lease liabilities		**–**	4,251
Advanced proceeds received from customers		**–**	6,566,599
Contract liabilities		**4,181,540**	–
Current income tax liabilities		**1,000,160**	984,398
Borrowings		**6,683,404**	4,805,080
Financial liabilities for put option written on non-controlling interests		**15,485**	73,968
		25,730,856	22,277,059
Total liabilities		**39,069,448**	33,044,265
Total equity and liabilities		**47,882,595**	39,177,186

1 GENERAL INFORMATION

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development and investment business in the People's Republic of China (the "PRC").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 October 2013.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

New standards and amendments of HKFRSs adopted by the Group in 2018

The following new standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 January 2018 and are relevant to the Group's operations.

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to HKFRSs 2014-2016 Cycle
- Amendments to HKAS 40 – Transfer of Investment Property

The impact of the adoption of HKFRS 9 and HKFRS 15 are described in Note 3 below. The other standards and amendments listed above did not give rise to any significant impact on the Group's results of operation and financial position for the year ended 31 December 2018.

New standards, amendments and interpretation of HKFRSs not yet adopted

Certain new accounting standards, amendments and interpretation of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2018 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position except that HKFRS 16 will have some impact on the Group's financial statements.

- HKFRS 16 Leases ("HKFRS 16")

HKFRS 16 is effective for annual period beginning from 1 January 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group is the lessee of certain buildings which are currently classified as operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB261,675,000. Of these commitments, approximately RMB7,356,000 relate to short-term leases which will be recognised on a straight-line basis as expense in the consolidated income statement.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB187,401,000 and lease liabilities of RMB182,486,000 (after adjustments for prepayments recognised as at 31 December 2018) on 1 January 2019.

Overall net assets will be approximately RMB4,915,000 higher, and net current assets will be RMB21,670,000 lower due to the presentation of a portion of the liabilities as current liabilities.

The Group expects that net profit after tax will decrease by approximately RMB2,640,000 for 2019 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows decrease by approximately RMB35,235,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group holds a number of investment properties and is the lessor of these properties. For lessors, the accounting remains largely unchanged and hence the Group does not expect any significant impact on the financial statements for these arrangement due to the new standard. However, some additional disclosures will be required.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on financial statements

According to the transitional provision of HKFRS 9, the Group did not restate figures of the comparative period. Therefore, any reclassification and impairment provision for financial assets or liabilities during the comparative period have not been restated. All adjustments are recognised at the beginning of current period accordingly.

According to the transitional provision of HKFRS 15, the Group applied modified retrospective approach upon adoption and did not restate figures of the comparative period.

(b) Impact of adoption of HKFRS 9

HKFRS 9 replaced relevant requirements of HKAS 39 Financial Instruments relating to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; and impairment and hedge accounting of financial assets.

The impact on the retained earnings of the Group as at 1 January 2018 due to the reclassification and measurement of financial statements are as follows:

	2018
	RMB'000
Closing retained earnings – HKAS 39 as at 31 December 2017	**1,792,875**
Reclassify investments from available-for-sale to fair value through profit or loss	**(85,020)**
Increase in provision for trade receivables	**(84)**
Increase in provision for other receivables	**(5,297)**
Increase in deferred tax assets	**1,346**
Adjustments to retained earnings from adoption of HKFRS 9 on 1 January 2018	**(89,055)**
Opening retained earnings – HKFRS 9 as at 1 January 2018	**1,703,820**

(i) Classification and measurement

On the date of initial application of HKFRS 9 (i.e. 1 January 2018), the management has assessed the business models and cash flow contract terms of the financial assets held by the Group and classified its financial instruments into the appropriate HKFRS 9 categories. On 1 January 2018, equity investments in unlisted companies with fair value of RMB744,272,000 and RMB276,739,000 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities as of 1 January 2018. The derecognition rules have been transferred from HKAS 39 and have not been changed.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables

- other receivables (excluding prepayments)

The Group has revised its impairment methodology according to HKFRS 9 for these two classes of assets. For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of lifetime expected loss provision for all trade receivables and contract assets. For other receivables, the Group applies the general model for expected credit losses prescribed by HKFRS 9, since credit risk has not significantly increased after initial recognition, provision is provided, the loss allowance recognised during the period was therefore limited to 12 months expected losses.

(c) Impact of adoption of HKFRS 15

After considering the changes in accounting policies as a result of the initial application of HKFRS 15, the directors considered that the initial application of HKFRS 15 has no material impact on the consolidated financial statements of the Group, save for the recognition of contract acquisition costs and presentation of contract liabilities.

Recognition of contract acquisition costs

Costs did not qualify for recognition as an asset were expensed when incurred. Costs related directly to the contract, generating resources used in satisfying the contract and expectedly to be recovered are capitalised as contract acquisition cost.

Presentation of contract liabilities

Reclassification has been made since 1 January 2018 to conform to the terms used in HKFRS 15:

- Contract liabilities relating to proceeds received from presale of property development presented as receipts in advance in prior periods were now reclassified to contract liabilities (1 January 2018: RMB6,566,599,000).

Accounting policy on the recognition of sales revenue from property development

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property, and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. If on the contract commencement date, the Group expects that the interval between the customer's obtaining control of the property and the payment of consideration by the customer will not exceed 1 year, the financing component will not be considered as significant.

4 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (the "CODM") for the purposes of allocating resources and assessing performance.

Following the shift in focus to office and apartment platform business by the Group during the second half year of 2018, the previous presentation of segment information based on the property development segment and property investment segment is no longer considered appropriate. The new reporting segments are as follows:

- Property development platform engages in real estate development in the PRC;
- Office and apartment platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

The three new operating segments are consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the above reportable segments. Comparative segment information has been restated.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

(a) Revenue

Revenue of the Group consists of the followings:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers recognised at a point in time		
– Sales of properties	**10,440,273**	15,254,725
– Others	**56,894**	16,410
	10,497,167	15,271,135
Revenue from contracts with customers recognised over time		
– Property management service	**386,329**	272,538
– Decoration of properties	**250,976**	66,942
	637,305	339,480
Rental income	**133,731**	57,789
	11,268,203	15,668,404

(b) Segment information

	Year ended 31 December 2018					
	Property development platform *RMB'000*	**Office and apartment platform** *RMB'000*	**All other platforms** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**10,629,933**	**84,817**	**742,664**	**11,457,414**	**(189,211)**	**11,268,203**
Segment profit before income tax expense	**1,766,893**	**192,712**	**66,118**	**2,025,723**	**14,700**	**2,040,423**
Finance income	**34,021**	**129**	**19,193**	**53,343**	**–**	**53,343**
Finance costs	**(314,621)**	**(31,297)**	**(8,216)**	**(354,134)**	**16,484**	**(337,650)**
Share of results of joint ventures	**(47,324)**	**–**	**–**	**(47,324)**	**–**	**(47,324)**
Share of results of associates	**158,700**	**15,192**	**(1,505)**	**172,387**	**–**	**172,387**
Depreciation and amortisation	**(4,634)**	**(3,430)**	**(6,146)**	**(14,210)**	**–**	**(14,210)**
A reconciliation to profit for the year is as follows:						
Total segment profits before income tax expense						**2,040,423**
Income tax expense						**(737,532)**
Profit for the year						**1,302,891**
Segment assets	**54,648,239**	**2,972,632**	**28,234,958**	**85,855,829**	**(37,973,234)**	**47,882,595**
Segment assets include:						
Investments in joint ventures	**605,828**	**–**	**–**	**605,828**	**–**	**605,828**
Investments in associates	**574,448**	**–**	**9,110**	**583,558**	**–**	**583,558**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**257,061**	**2,205,039**	**45,184**	**2,507,284**	**–**	**2,507,284**
Segment liabilities	**46,160,906**	**2,063,760**	**25,126,942**	**73,351,608**	**(34,282,160)**	**39,069,448**

The restated segment information for the year ended 31 December 2017 based on the three operating segments are as follows:

	Year ended 31 December 2017 (Restated)					
	Property development platform *RMB'000*	Office and apartment platform *RMB'000*	All other platforms *RMB'000*	Total segment *RMB'000*	Elimination *RMB'000*	Total Group *RMB'000*
Segment revenue	15,118,287	19,671	859,503	15,997,461	(329,057)	15,668,404
Segment profit before income tax expense	1,795,829	9,774	8,652	1,814,255	6,075	1,820,330
Finance income	56,185	55	3,390	59,630	–	59,630
Finance costs	(150,622)	(4,580)	(15,130)	(170,332)	–	(170,332)
Share of results of joint ventures	(69,676)	–	(488)	(70,164)	–	(70,164)
Share of results of associates	(5,575)	(719)	(1,707)	(8,001)	–	(8,001)
Depreciation and amortisation	(3,899)	(342)	(6,502)	(10,743)	–	(10,743)
A reconciliation to profit for the year is as follows:						
Total segment profits before income tax expense						1,820,330
Income tax expense						(916,398)
Profit for the year						903,932
Segment assets	51,845,858	1,894,200	18,323,360	72,063,418	(32,886,232)	39,177,186
Segment assets include:						
Investments in joint ventures	257,330	–	–	257,330	–	257,330
Investments in associates	67,888	29,281	9,293	106,462	–	106,462
Additions to non-current assets (other than financial instruments and deferred income tax assets)	61,879	3,021,991	37,332	3,121,202	–	3,121,202
Segment liabilities	45,733,447	1,967,369	17,836,545	65,537,361	(32,493,096)	33,044,265

5 OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Government grants	**26,969**	31,325
Compensation income	**12,668**	1,202
Interest income on loans to joint ventures	**21,074**	38,016
Dividends from available-for-sale financial assets	**–**	16,321
Gains arising from acquisition of LKN Investment International Pte Ltd. ("LKN Investment") (a)	**–**	187,255
Gains arising from acquisition of Sanquan Apartments	**–**	1,882
Gains arising from acquisition of Changzhou Jingshang Property Co., Ltd. ("Changzhou Jingshang")	**–**	8,493
Gains arising from acquisition of Shanghai Zhaoliang Advertising Co., Ltd. ("Shanghai Zhaoliang")	**–**	169
Others	**7,627**	5,993
	68,338	290,656

Note:

(a) On 31 May 2017, the Group entered into a share purchase agreement with a third party, HL Global Enterprises Limited, pursuant to which the Group agreed to purchase the entire equity interests of LKN Investment which indirectly owns investment properties located in Shanghai at a consideration of RMB395,000,000. Gains arising from negative goodwill of RMB187,255,000 was mainly attributable to the increase of the fair value of acquired investment properties upon the completion of the acquisition in November 2017.

6 OTHER GAINS – NET

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Fair value gains from financial assets at fair value through profit or loss	**35,006**	–
Investment income from financial assets at fair value through profit or loss	**27,055**	–
Investment income from financial assets at fair value through other comprehensive income	**13,816**	–
Loss from disposal of shares in Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu")	**–**	(9,615)
Gain on re-measurement of the existing interests in Ningbo Jingrui Property Co., Ltd. upon gain of its control	**–**	72,976
Gain from re-measurement of the existing interests in Changzhou Jingshang Property Co., Ltd. upon gain of its control	**–**	934
Gain from disposal of shares in Hangzhou Xiaoying Property Co., Ltd. upon lost of control	**–**	30,311
Gains from disposal of partial interests in certain other subsidiaries upon lost of control	**–**	3,022
Gains/(losses) from disposal of property, plant and equipment	**430**	(40)
Changes in fair values of derivative financial instruments	**–**	2,499
Compensation and late payment charges	**(11,762)**	(17,537)
Disposal gains on investment properties	**166,670**	56,269
Others	**(2,385)**	(2,768)
	228,830	136,051

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Cost of properties sold	**8,204,721**	12,566,646
Cost of properties management	**271,491**	144,606
Cost of design and decoration of properties	**154,943**	61,728
Tax and surcharges (a)	**60,764**	224,987
Accrual of provision for impairment of properties held or under development for sale – net	**1,855**	55,697
Depreciation of property, plant and equipment	**12,840**	9,657
Amortisation of intangible assets	**1,370**	1,086
Bank charges	**7,500**	10,735
Staff costs	**453,180**	444,895
Entertainment expenses	**24,369**	21,703
Stamp duty and other taxes	**25,722**	33,021
Professional fees	**186,159**	184,384
Auditors' remuneration		
– annual audit and interim review	**3,940**	3,850
– non-audit services	**455**	1,152
Sales commission	**45,162**	22,524
Advertising and publicity costs	**64,162**	116,277
Office and meeting expenses	**41,850**	38,305
Rental expenses	**58,314**	21,151
Travelling expenses	**23,835**	19,200
Accrual of provision for impairment of receivables *(Note 12)*	**–**	8,238
Net impairment losses on financial assets *(Note 12)*	**27,247**	–
Goodwill impairment on Property Sky Limited	**–**	6,690
Other expenses	**138,584**	125,346
Total cost of sales, selling and marketing costs and administrative expenses	**9,808,463**	14,121,878

(a) Before 1 May 2016, the PRC companies of the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 4% to 12% of business tax. Since 1 May 2016, the PRC companies of the Group are subject to value added tax and surcharges.

8 FINANCE COSTS – NET

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
– Interest income on bank deposits	**53,343**	59,630
Finance costs		
– Interests on financing arrangements	**(1,535,272)**	(1,113,895)
– Net foreign exchange (losses)/gains on financing activities	**(188,965)**	143,388
– Changes in discounted present value of financial liabilities for put option written on non-controlling interests	**(541)**	(1,332)
– Loss from early redemption of Senior Notes 2019	**–**	(53,822)
– Less: Amount capitalised	**1,387,128**	855,329
	(337,650)	(170,332)
Net finance costs	**(284,307)**	(110,702)

9 INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current income tax		
– PRC land appreciation tax	**275,706**	508,935
– PRC corporate income tax	**438,053**	458,189
	713,759	967,124
Deferred income tax	**23,773**	(50,726)
Total income tax charged for the year	**737,532**	916,398

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2018 (2017: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2018, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB372,226,000 (31 December 2017: RMB202,635,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB3,722,259,000 (31 December 2017: RMB2,026,353,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2018 and 2017 are calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2018	2017
Group's profit attributable to equity holders of the Company *(RMB'000)*	**1,031,919**	805,761
Weighted average number of shares in issue *(in thousand)*	**1,343,986**	1,291,302
Basic earnings per share *(RMB)*	**0.77**	0.62

(b) Diluted earnings per share

	Year ended 31 December	
	2018	2017
Group's profit attributable to equity holders of the Company *(RMB'000)*	**1,031,919**	805,761
Weighted average number of shares in issue *(in thousand)*	**1,343,986**	1,291,302
Effect of dilutive potential ordinary shares in respect of share award scheme *(in thousand)*	**1,170**	4,431
Weighted average number of ordinary shares for diluted earnings per share *(in thousand)*	**1,345,156**	1,295,733
Diluted earnings per share *(RMB)*	**0.77**	0.62

11 DIVIDENDS

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Proposed final dividend of HKD30 cents (2017: HKD25 cents) per ordinary share (a)	**359,024**	258,260

notes:

(a) At a board meeting held on 19 March 2019, the directors proposed a final dividend for the year ended 31 December 2018 of HKD30 cents per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2019 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

(b) A final dividend in respect of the year ended 31 December 2017 of HKD25 cents per ordinary share, amounting to approximately RMB260,794,000 was approved at the annual general meeting of the Company held on 3 May 2018. The dividend had been fully paid out by the Company as of 21 May 2018.

(c) The final dividend in respect of the year ended 31 December 2014 of RMB6 cents per ordinary share using the share premium account, amounting to approximately RMB77,478,000 was approved at the annual general meeting of the Company held on 11 May 2015. Such dividend not yet paid out by the Company as at 31 December 2017 and 31 December 2018 was RMB1,379,000, which was included in dividend payable (Note 13).

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**137,587**	42,076
Less: Provision for impairment of trade receivables	**(1,232)**	(552)
Trade receivables – net	**136,355**	41,524
Amounts due from joint ventures and associates	**2,073,973**	2,954,902
Prepaid taxes and surcharges and input VAT to be deducted (a)	**253,164**	270,106
Receivables arising from disposal of subsidiaries (b)	**26,871**	5,611
Loans due from disposed subsidiaries assumed by third parties (c)	**38,276**	285,943
Tender deposits (d)	**–**	80,600
Deposits with public housing fund centres (e)	**36,255**	63,619
Prepayments of construction costs	**15,311**	17,695
Temporary funding receivables (f)	**108,484**	103,900
Deposits paid for construction work	**488,714**	448,842
Amounts due from non-controlling interests of subsidiaries (g)	**1,255,702**	922,737
Deposits paid to secure borrowings	**55,700**	23,780
Prepayments for acquisition of completed properties for sale (h)	**1,043,202**	1,209,668
Deposits paid for advanced proceeds received from customers (i)	**276,109**	230,610
Deposits for potential investments	**262,324**	–
Prepayments for investments (j) (k)	**325,783**	36,751
Others	**77,572**	162,373
Less: Provision for impairment of other receivables	**(48,780)**	(16,832)
	6,425,015	6,841,829
Less: non-current portion (k)	**(325,783)**	(717,805)
	6,099,232	6,124,024

notes:

(a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) In July 2018, the Group's remaining 51% equity interests in Shanghai Jingqi Property Development Co., Ltd. ("Shanghai Jingqi") was transferred to Hengda Real Estate Group Shanghai Shengjianye Property Co., Ltd. ("Hengda Shanghai") with a consideration of RMB251,812,500. The balance represents the outstanding considerations of RMB147,000 (31 December 2017: RMB147,000) and RMB26,724,000 (31 December 2017: RMB5,464,000) for disposal of equity interests in Tianjin Jingxiu Property Investment Co., Ltd. ("Tianjin Jingxiu") and Shanghai Jiajing Investment Co., Ltd. ("Shanghai Jiajing") which holds 49% equity interests in Shanghai Jingqi respectively.

(c) The balance represents the outstanding loans of RMB18,276,000 of Shanghai Jingqi (31 December 2017: RMB175,943,000) and RMB20,000,000 of Tianjin Jingxiu (31 December 2017: RMB110,000,000), originally due by the two disposed subsidiaries to the Group, which have been assumed and shall be paid off by Hengda Shanghai and Hengda (Tianjin) Real Estate Group Co., Ltd. respectively according to the share transfer agreements.

(d) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

(e) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(f) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(g) The balance as at 31 December 2018 includes amount of RMB69,137,500 (31 December 2017: RMB99,137,500), representating the outstanding principal balance from the non-controlling interests of Suzhou Ailide Co., Ltd., which is with annual interest rate of 7.2% and is unsecured and repayable on demand.

The balance as at 31 December 2018 includes total amount of RMB239,937,000, representating the outstanding principal and interest receivable from the non-controlling interests of Ningbo Jingshen Property Co., Ltd., which is with annual interest rate of 4.35% and is unsecured and repayable on demand.

Except for the loans lent to the non-controlling interests of Suzhou Ailide Co., Ltd. and Ningbo Jingshen Property Co., Ltd., as mentioned above, the funding provided to other non-controlling interests of certain subsidiaries are unsecured, non-interest bearing and repayable on demand.

(h) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(i) The balance represents the deposits paid for the advanced proceeds of properties received from customers in Changzhou and Tianjin.

(j) The balance as at 31 December 2018 represents the prepayments for investments in equity interests of RMB325,783,000.

In November 2017, the Group made prepayments for purchase of 18.77% equity interests in Chongqing Jingteng Property Co., Ltd., a non-wholly owned subsidiary of the Group from the non-controlling interests with a consideration of HKD42,226,000 (equivalent to RMB35,883,000) and relevant taxes of RMB868,000. The transaction was completed in January 2018 and the balance as at 31 December 2017 was transferred out.

(k) The balance as at 31 December 2018 includes prepayments for investments of RMB325,783,000 (31 December 2017: RMB36,751,000). The balance as at 31 December 2017 also included a shareholder loan principal and interest receivable, totalling RMB681,054,000, due from Shanghai Ruice Investment Co., Ltd.. The shareholder loan has an annual interest rate of 8% and will be matured till October 2019. As Shanghai Ruice Investment Co., Ltd. became a wholly-owned subsidiary of the Group in 2018, the shareholder loan and interest receivable balance were eliminated in the consolidated balance sheet as at 31 December 2018.

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Less than 1 year	**131,493**	39,179
Between 1 and 2 years	**3,987**	451
Between 2 and 3 years	**810**	1,149
Over 3 years	**1,297**	1,297
	137,587	42,076

As at 31 December 2018, trade receivables of RMB102,120,000 (2017: RMB36,821,000) were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Less than 1 year	**96,026**	33,924
Between 1 and 2 years	**3,987**	451
Between 2 and 3 years	**810**	1,149
Over 3 years	**1,297**	1,297
	102,120	36,821

As at 31 December 2018, trade and other receivables of RMB50,012,000 (2017: RMB17,384,000) were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
At beginning of the year	**17,384**	9,146
Accrual of provision for receivables impairment from adoption of HKFRS 9 on 1 January 2018	**5,381**	–
Accrual of provision for receivables impairment during the year *(Note 7)*	**27,247**	8,238
At end of the year	**50,012**	17,384

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2018 and 2017, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables with a total carrying amount of RMB2,840,000 as at 31 December 2018 were pledged as collateral for the Group's borrowings (2017: Nil).

As at 31 December 2018 and 31 December 2017, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
– RMB	**6,166,481**	6,730,721
– USD	**16,210**	75,225
– HKD	**242,324**	35,883
	6,425,015	6,841,829

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**4,127,692**	3,310,324
Notes payable	**298,531**	–
Amounts due to joint ventures and associates	**2,811,325**	3,875,816
Turnover taxes payable	**105,855**	312,403
Electricity fee and cleaning fee collected on behalf	**38,588**	27,977
Deed tax collected on behalf	**18,583**	21,622
Accrued payroll	**33,117**	17,072
Interest payable	**221,428**	202,098
Temporary funding payable	**1,450,000**	800,000
Construction deposits received from suppliers	**63,693**	34,731
Deposits received from customers	**37,293**	21,417
Deposits received in connection with cooperation with a third party for decoration work	**–**	200,000
Payables for sales commission	**2,091**	2,091
Payables for acquisition of San Quan Apartments (a)	**–**	63,669
Payables for acquisition of LKN Investment (b)	**9,820**	9,820
Payables for acquisition of Hangzhou Jiaheng Property Co., Ltd. ("Hangzhou Jiaheng") (c)	**6,000**	6,000
Payables for acquisition of 20% equity interests of Shanghai Fengxiang Property Development Co., Ltd. ("Shanghai Fengxiang") (d)	**40,800**	40,800
Payables for acquisition of Zhongfa Wenchan Wuhan Property Co., Ltd. ("Zhongfa Wenchan") (e)	**95,920**	–
Payables for acquisition of Changshu Huihuang Property Co., Ltd. ("Changshu Huihuang") (f)	**12,861**	–
Paybles for acquisition of equity interests of Taizhou Zhenghuang Property Development Co., Ltd. (g)	**268,930**	–
Dividend payable *(Note 11)*	**1,379**	1,379
Amount received in connection with the transferring the right of collection of future receivables (h)	**1,032,109**	–
Payables to a related party of non-controlling interests (i)	**700,000**	–
Deposits received in connection with cooperation with third parties for property development and property investment	**1,750,000**	–
Others	**346,358**	259,705
	13,472,373	9,206,924

notes:

(a) The balance represents the payables relating to the acquisition of San Quan Apartments by the Group from an independent third party which has been fully repaid in 2018.

(b) The balance represents the payables relating to the acquisition of LKN Investment by the Group from an independent third party.

(c) Pursuant to an equity purchase agreement entered into in April 2016 between two third parties and the Group through its wholly owned subsidiary, Shanghai Xiaoyi Investment Co., Ltd., the Group acquired 100% equity interests of Hangzhou Jiaheng at a total consideration of RMB296,000,000 in April 2016.

As at 31 December 2018, consideration amount of RMB6,000,000 (31 December 2017: RMB6,000,000) remaining unpaid was included in the trade and other payables.

(d) The balance represents the payables relating to the acquisition of 20% equity interests of Shanghai Fengxiang by the Group.

(e) The balance represents the payables relating to the acquisition of equity interests in Zhongfa Wenchan by the Group from an independent third party.

(f) The balance represents the payables relating to the acquisition of equity interests in Changshu Huihuang by the Group from an independent third party.

(g) The balance represents the interest-bearing payables relating to the acquisition of equity interests in Taizhou Zhenghuang Property Development Co., Ltd. by the Group from an independent third party. The interest rate is around 10% per annum.

(h) The balance represents the consideration received from a third party in connection with the transferring the rights of collection of certain future trade receivables for the remaining receipts from sales of properties.

(i) The balance represents the payables to a related party of non-controlling interests which are unsecured, non-interest bearing and repayable on demand.

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Less than 1 year	**4,159,960**	3,144,079
Between 1 and 2 years	**202,840**	120,738
Between 2 and 3 years	**40,192**	30,917
Over 3 years	**23,231**	14,590
	4,426,223	3,310,324

As at 31 December 2018 and 2017, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2018 and 31 December 2017, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
RMB	**13,366,876**	9,088,415
USD	**94,775**	111,398
HKD	**10,722**	7,111
	13,472,373	9,206,924

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2018, aggregate economic output of the People's Republic of China ("**the PRC**") hit another record high, exceeding RMB90 trillion for the first time, an increase of approximately RMB8 trillion from the previous year. During the Year, not only did GDP achieve the expected growth target of 6.6%, but its growth rate also ranked first among the top five economies in the world. Overall, the economy maintained stable growth in 2018, well achieving the major targets of the PRC government for economic development.

In the course of the PRC's steady economic growth, the real estate industry remained the mainstay of its economy. In 2018, the sales of commercial properties in the PRC neared RMB15 trillion, representing an increase of 12.2% over the previous year, which once again hit a historical sales record high. As the real estate industry rose up to a new height, we were fully aware that the regulation policies on the real estate industry were still evolving in the past year. The central and local governments have repeatedly emphasized that the regulation policy on real estate market will never be relaxed. The regulation policies continued to evolve towards a system of combined long and short-term regulation under the keynotes of "housing is for accommodation, not for speculation" and "equal rights for home tenants and owners", and the residential leasing market continued to grow at an accelerated pace, with the regulatory policies becoming more emphatic about "adopting differential measures in light of different situations in different cities", and the local governments appearing more active in introducing regulatory policies in a responsive manner.

With the accelerated establishment of a housing system with multiple types of suppliers, multiple channels for housing support, and encouragement for both renting and purchase, the residential leasing market received strong support in terms of policy as many local governments introduced innovative measures to promote the healthy development of the residential leasing market in terms of financial support, land supply, and increased supply of properties. The "Implementation Plan for Improving the Mechanism for Promoting Consumption (2018-2020)" issued by the General Office of the State Council in October 2018 clearly stated that from 2018 to 2020, it will vigorously develop the residential leasing market, summarize and promote the experience of residential leasing pilot projects, and accelerate the study on establishing an evaluation system for the construction of the residential leasing market. In addition to the booming growth of long-term rental apartments, the shared office market was in full swing in the past year against the background of "mass entrepreneurship and innovation".

BUSINESS OVERVIEW

In 2018, the Group achieved (including those of joint ventures and asssociates on a 100% basis) contracted sales of approximately RMB25,235.9 million and total contracted gross floor area ("**GFA**") sold of approximately 1,161,512 square meters ("**sq.m.**"). At the same time, the Group implemented strong sales receivables collection management, and the amount collected from property sales was RMB22,851.4 million for the Year, accounting for approximately 90.6% of our contracted sales for the Year.

During the Year, the contracted sales of the Group were mainly distributed across 27 development projects in 10 cities in the PRC, accounting for approximately 94.5% of the total contracted sales. In 2018, the Group successively launched 19 new development projects pre-sold for the first time, mainly including Hangzhou Greentown Xixi Yunlu, Hangzhou Joy Mountain (悅見山), Wuhan Jingrui Wanfu International (萬福國際), Ningbo Xinghai Land, Ningbo Jingrui Nobility Mansion, Suzhou Jingrui Changshu Jiangnan Mansion, Taizhou Jingrui Maple House (楓雲府), Zhoushan Jingrui Titian Garden (緹香院), Ningbo Jingrui Tianfu Yaojiang (天賦姚江), Hangzhou Jingrui Yuan Villa, Suzhou Junyue Tower, Ningbo Jingrui Xingning Mansion (興寧府), Ningbo Jingrui In Times (時光裏), the contracted sales of which accounted for approximately 45.4% of the total contracted sales. In the meantime, sales of existing projects continued to perform well, accounting for approximately 54.6% of the total contracted sales, mainly including Nanjing Golden East, Tianjin The Great Habitat Mansion House (鯤栖府), Suzhou Jingrui Majestic Mansion, Hangzhou Jingrui Flange Park, Ningbo Tili Garden, Hangzhou Jingrui Yangming Valley, Shanghai Jingrui Upper Riverside, Ningbo Rong An Zodiac Tower, Shanghai Jingrui City Park, Ningbo Jingrui Headream Mansion, Changzhou Jingrui Tianxi.

During the Year, revenue from property sales recognized by the Group amounted to RMB10,440.3 million, representing a decrease of 31.6% as compared to last year. It was mainly due to the transformation and upgrading of the Group which lead to a decrease in projects within consolidation scope and an increase in fund-based and cooperative development projects. Revenue from property sales of the Group accounted for approximately 92.7% of our total revenue for the Year, and property sales were the principal operating business of the Group. The Group also provided property management services for all self-developed projects to enhance project value, establish good reputation and brand image for our projects and increase customer loyalty and satisfaction.

The Group continued to pursue the development strategy by deeply penetrating into the Yangtze River Delta region, with a special focus on first-tier and second-tier core cities therein. In 2018, we acquired 22 projects in cities such as Shanghai, Hangzhou, Ningbo, Nanjing, Beijing, Wuhan and Tianjin with a total investment of approximately RMB15,148 million, thereby increasing our total GFA of land reserves by approximately 1,659,188 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB9,130 per sq.m.. As at 31 December 2018, the total GFA of the land reserves held by the Group in aggregate amounted to approximately 4,804,192 sq.m.. The increase in total GFA as compared with last year was mainly due to the increased efforts made in land acquisition in 2018, especially the acquisition of existing and investment properties. We expect our land reserves to be sufficient to meet our development needs for the next two to three years. We believe that a majority of our land reserves are situated in first-tier and second-tier core cities in the Yangtze River Delta region in the PRC, which will be more beneficial to our development strategy of intensively penetrating into the Yangtze River Delta region.

The Group has consistently applied the principle of steady financial management, with a view to maintain healthy cash flows and guarantee capital safety. In April 2018, the Company issued senior notes of US$350 million at coupon rate of 9.45% with a term of 3 years in Hong Kong. We believe that the issuance will further optimize our debt structure.

The strong performance of contracted property sales further strengthened our financial position during the Year. As at 31 December 2018, our cash at bank and on hand (including restricted cash) reached RMB13,070.2 million. At the same time, unutilized bank facilities amounted to approximately RMB16,952.6 million. As at 31 December 2018, our net debt-to-capital ratio was approximately 64%. We believe that the current liability level is within a reasonable range given our current development stage and also matches our operations. The Group will continue to optimize our liability level and structure for sound risk control so as to lay a solid foundation for our sustained operations and steady future growth.

We are a customer driven residential property developer that focuses on developing properties accommodating the demand of our target customers. Our products are designed to meet the needs of first-time home purchasers and those who intend to improve their existing living conditions, who currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe that our strategic product positioning will help expand our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, and our rapid asset turnover model has been contributing and will continue to contribute to our growth in scale.

At the same time, in order to carry out better resources allocation and achieve professional management so that the Group's overall strategic objective will be accomplished, the Group, focusing on its core real estate business, conducted reorganization of organizational structure and business operation in 2017 and set up five major business management units, namely Yan Capital Management, Jingrui Properties, Joyride Apartment, Carry Capital and Co-Fortune Capital. Yan Capital Management is engaged in real estate fund raising activities and asset management and manages to finish a transition from real estate debt fund to equity fund. Jingrui Properties focuses on property development in four metropolitan areas in the PRC and is committed to providing customized life products and services based on the strategy of "customer insights". Joyride Apartment is focused on urban renewal and provides operating management services covering apartment development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen as well as core second-tier cities. Carry Capital is focused on urban renewal and provides operating management services covering office development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen. Co-Fortune Capital is committed to investing in real estate ecological cycle, and enhancing products and serving capabilities by leveraging on its capital to stimulate its real estate development business.

BUSINESS REVIEW

Jingrui Properties

Property Development

In 2018, we achieved (including those of joint ventures and associates on a 100% basis) contracted sales of approximately RMB25,235.9 million and the total contracted GFA sold was approximately 1,161,512 sq.m.. Our contracted sales were primarily generated from the Zhejiang and Jiangsu regions. The contracted sales (excluding car parks) generated from the Zhejiang and Jiangsu regions were approximately RMB13,707.1 million and RMB5,696.6 million respectively, representing 54.3% and 22.6% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2018

The following table sets out the geographic breakdown of the Group's contracted sales in 2018:

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP") *RMB/sq.m.*
Shanghai			
Shanghai Jingrui City Park	13,111	504,891	38,510
Shanghai Jingrui Upper Riverside	6,698	795,848	118,819
Shanghai Jingrui Life Square	584	24,156	41,393
Shanghai Jingrui The French Lakeside Villa	545	15,500	28,441
Tianjin			
Tianjin The Great Habitat Mansion House (Maritime International) (鯤栖府（海上國際）)	144,094	2,070,526	14,369
Tianjin Jingrui Hyatt Mansion	1,261	26,436	20,958
Tianjin Jingrui Hanlin (翰鄰) (Lot 14, Hai Jiao Yuan)	1,321	27,034	20,464
Tianjin Jingrui Lot 1, Tang Gu Bay	12,964	191,299	14,756
Tianjin Liuhe Mingzhu (六合茗著) (Lot 14, Tuanbo West)	4,489	65,802	14,657
Tianjin Sea Blue City (海藍城) (Lot 05, Xianshuigu)	5,099	75,201	14,749
Chongqing			
Chongqing Jingrui Royal Bay	2,131	15,445	7,248
Chongqing Jingrui Online Family	659	16,733	25,373
Sub-total of centrally direct-controlled municipalities	**192,956**	**3,828,871**	**19,843**
Hangzhou			
Hangzhou Jingrui Royal Bay	510	2,913	5,707
Hangzhou Jingrui Royal Mansion	1,937	20,440	10,555
Hangzhou Jingrui Shenhua No. One	3,880	103,624	26,706
Hangzhou Jingrui Majestic Mansion	176	5,945	33,826
Hangzhou Jingrui Flange Park	97,419	1,841,160	18,899
Hangzhou Jingrui Yangming Valley	11,601	957,987	82,578
Hangzhou Jingrui Yuan Villa (Acer Serrulatum Villa Garden)	8,552	319,680	37,379
Hangzhou Greentown Xixi Yunlu (Liuxia Plot)	37,120	2,367,544	63,781
Hangzhou Joy Mountain (悦見山) (North Linpingshan)	114,327	2,020,122	17,670
Ningbo			
Ningbo Jingrui Dignity Mansion	1,464	30,060	20,534
Ningbo Jingrui Harbour City	730	11,060	15,149
Ningbo Jingrui Titian Garden	466	10,505	22,521
Ningbo Jingrui Headream Mansion	14,124	394,098	27,902
Ningbo Tili Garden	54,823	1,117,917	20,391
Ningbo Rong An Zodiac Tower	22,828	520,848	22,817

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP") *RMB/sq.m.*
Ningbo Jingrui Nobility Mansion (Project Lot 8, Jiangshan)	46,391	993,354	21,413
Ningbo Xinghai Land (Chunxiao 160#)	81,779	1,134,673	13,875
Ningbo Jingrui Tianfu Yaojiang (天賦姚江) (Hongtang Project)	21,791	380,464	17,460
Ningbo Jingrui Xingning Mansion (興寧府) (Huaguang City)	10,706	296,220	27,670
Ningbo Jingrui In Times (時光裏) (High-tech Zone Commercial Project)	23,033	253,360	11,000
Zhoushan			
Zhoushan Jingrui Titian Garden (緹香院)	33,287	408,328	12,267
Taizhou			
Taizhou Jingrui Maple House (楓雲府) (Zhenghuang's Haimen Land)	38,844	446,109	11,485
Shaoxing			
Shaoxing Jingrui Dignity Mansion	1,207	21,929	18,165
Shaoxing Jingrui Lake of Dawn	3,753	35,799	9,538
Shaoxing Jingrui Nobility Mansion	811	7,352	9,070
Huzhou			
Changxing Jingrui Dignity Mansion	332	5,560	16,770
Sub-total of Zhejiang Province	**631,891**	**13,707,051**	**21,692**
Suzhou			
Suzhou Jingrui Nobility Mansion	155	4,300	27,733
Suzhou Jingrui Majestic Mansion	65,747	2,003,035	30,466
Suzhou Junyue Tower (Project in Meili Town, Changshu)	19,539	300,270	15,368
Suzhou Jingrui Jade Bay	186	2,850	15,326
Suzhou Qidu Dignity Mansion (七都望府) (Lot 17, Changshu Qidu)	16,997	179,402	10,555
Suzhou Qidu Miaogang (Lot 16, Changshu Qidu)	5,619	67,290	11,976
Suzhou Jingrui Changshu Jiangnan Mansion	33,350	685,194	20,546
Changzhou			
Changzhou Jingrui Tianxi (Dignity Mansion)	14,898	229,631	15,413
Wuxi			
Wuxi Jingrui Dignity Mansion	842	8,866	10,529

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP") *RMB/sq.m.*
Nantong			
Nantong Jingrui Nobility Mansion	6,346	83,541	13,164
Nanjing			
Nanjing Golden East	95,705	2,104,930	21,994
Yangzhou			
Yangzhou Jingrui Dignity Mansion	2,403	27,321	11,371
Sub-total of Jiangsu Province	**261,787**	**5,696,630**	**21,761**
Wuhan			
Wuhan Jingrui Wanfu International (萬福國際)	74,878	1,234,945	16,493
Sub-total of Wuhan	**74,878**	**1,234,945**	**16,493**
Car park (lots)	6,438	768,376	
Total	**1,161,512**[(1)]	**25,235,873**	**21,727**

Note:

(1) Excluding the area of car parks.

Land Bank

As at 31 December 2018, the total land bank of the Group was approximately 4,804,192 sq.m. or approximately 2,421,395 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2018

City	Total GFA	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests	Percentage of GFA Attributable to the Group's Interests
	sq.m.		*sq.m.*	
Municipalities directly under the central government				
Shanghai	283,436	5.9%	197,319	8.1%
Beijing	51,608	1.1%	51,608	2.1%
Tianjin	1,002,896	20.9%	456,610	18.9%
Chongqing	6,959	0.1%	6,959	0.3%
Sub-total	**1,344,899**	**28.0%**	**712,496**	**29.4%**
Zhejiang Province				
Hangzhou	704,505	14.7%	252,593	10.4%
Ningbo	798,686	16.6%	511,866	21.2%
Shaoxing	41,199	0.8%	41,199	1.7%
Zhoushan	70,886	1.5%	70,886	2.9%
Sub-total	**1,615,276**	**33.6%**	**876,544**	**36.2%**
Jiangsu Province				
Suzhou	800,466	16.7%	337,099	13.9%
Nanjing	255,549	5.3%	88,272	3.7%
Changzhou	132,109	2.8%	132,109	5.5%
Nantong	1,184	0.0%	1,184	0.0%
Sub-total	**1,189,308**	**24.8%**	**558,664**	**23.1%**
Wuhan	654,709	13.6%	273,691	11.3%
Total	**4,804,192**	**100.0%**	**2,421,395**	**100.0%**

In 2018, we acquired 22 projects in cities such as Beijing, Tianjin, Wuhan, Suzhou, Hangzhou, Taizhou, Shanghai and Nanjing, with the total investment amount of these projects being approximately RMB15,148 million, increasing our total GFA of land reserves by approximately 1,659,188 sq.m..

Details of land and property acquisition for the year ended 31 December 2018

Details of land acquisition since 1 January 2018

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area *sq.m.*	Expected Total GFA *sq.m.*	Expected Total GFA Above Ground *sq.m.*	Total Investment *RMB million*	Average Land/ Property Cost (based on the expected total GFA) *RMB million*	Average Land/ Property Cost (based on the expected total GFA above ground) *RMB million*
Beijing	Block A Project of Cheng Yuan Building in Haidian District	Composite	100%	2,700	9,699	8,388	269	27,735	32,070
Beijing	NAGA Shangyuan Project in Dongzhimen	Residential & commercial	100%	11,929	5,768	5,768	280	48,541	48,541
Tianjin	Jin Bin Tang (Gua) No. 2017-1 (Lot 1, Tang Gu Bay)	Residential & commercial	100%	44,722	105,334	80,500	538	5,105	6,680
Tianjin	Jin Hai He Yuan (Gua) No. 2018-014 (Lot 14, Hai Jiao Yuan)	Residential & commercial	100%	60,460	119,463	90,690	1,140	9,543	12,570
Wuhan	Houguan Lake Plot in Caidian District	Tourist & residential	54%	38,020	54,020	38,020	266	4,927	7,000
Beijing	Foresea Zhongjin Project in Zhongguancun	Office	100%	425	5,369	5,369	300	55,873	55,873
Beijing	Xinhua Cultural Building Project	Commercial	100%		4,262	4,262	240	56,310	56,310
Suzhou	Guangyun Gusu Building Project	Commercial	100%	3,410	12,081	12,081	157	12,995	12,995
Tianjin	Lot 13, Tuanbo West	Residential & commercial	20%	35,827	46,921	42,993	253	5,396	5,889
Tianjin	Lot 14, Tuanbo West	Residential & commercial	16.5%	36,267	52,545	43,520	255	4,852	5,859
Suzhou	Changshu Jiangnan Mansion Project	Residential	33%	297,143	456,544	316,939	3,283	7,191	10,358
Suzhou	Phase II Land of Changshu Southeast Yuyue Plaza	Commercial	80%	34,128	123,607	92,547	154	1,242	1,659
Hangzhou	Future Technology City	Residential	60%	38,381	94,501	57,572	1,554	16,447	26,998
Tianjin	Lot 05, Xianshuigu	Residential	49%	99,258	249,669	192,513	1,610	6,449	8,363
Taizhou	Zhenghuang's Haimen Land	Commercial & residential	100%	29,108	76,579	52,394	340	4,440	6,489
Beijing	Jintai Road Project	Commercial	100%	522	2,209	2,209	108	48,742	48,742
Shanghai	Zhongshan Building Project in South Tibet Road, Huangpu District	Composite	100%	2,285	3,013	3,013	81	26,884	26,884
Shanghai	North Zhongshan Road Project in Jing'An District	Composite	100%	6,544	3,207	3,207	81	25,321	25,321
Shanghai	Yinqiao Apartment Project in Pudong New Area	Commercial	100%	14,057	8,883	8,883	234	26,300	26,300
Nanjing	Lot 03, Daishan Project in Xishanqiao Street, Yuhuatai District	Commercial & residential	19.75%	26,829	106,383	80,487	1,140	10,716	14,164
Shanghai	Xinmei Project at Tianmu Middle Road in Jing'An District	Commercial	100%		7,118	7,118	132	18,600	18,600
Shanghai	Lufa Project in Pudong New Area	Commercial	23.12%	17,271	112,013	83,982	2,733	24,399	32,543
Total				**799,286**	**1,659,188**	**1,232,455**	**15,148**	**9,130**	**12,291**

Revenue from Sale of Properties

The revenue from sales of properties in 2018 was approximately RMB10,440.3 million, representing a decrease of 31.6% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Shanghai				
Shanghai Jingrui @WAY Across	6,796	0.1	132	51,531
Shanghai Jingrui City Park	350,583	3.4	9,031	38,822
Shanghai Jingrui The French Lakeside Villa	35,495	0.3	1,114	31,861
Jiangsu Province				
Suzhou Jingrui Nobility Mansion	18,322	0.2	738	24,813
Suzhou Jingrui Jade Bay	568,121	5.4	51,663	10,997
Suzhou Jingrui Dignity Mansion	104,136	1.0	8,084	12,882
Suzhou Jingrui Happy Family Garden	327,923	3.1	23,740	13,813
Suzhou Jingrui Majestic Mansion	1,008,876	9.7	36,522	27,624
Changzhou Jingrui Dignity Mansion	54,677	0.5	4,454	12,275
Nanjing Jingteng The Spring Lake	536,422	5.1	26,783	20,028
Nantong Jingrui Nobility Mansion	45,352	0.4	3,406	13,314
Nantong Jingrui Royal Mansion	983,228	9.4	116,197	8,462
Yangzhou Jingrui Dignity Mansion	26,020	0.2	2,403	10,830
Wuxi Jingrui Dignity Mansion	23,254	0.2	2,147	10,828

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Zhejiang Province				
Huzhou Jingrui Dignity Mansion	40,104	0.4	2,624	15,286
Shaoxing Jingrui Dignity Mansion	95,696	0.9	6,869	13,931
Shaoxing Jingrui The Mansion	69,324	0.7	6,362	10,897
Shaoxing Jingrui Lake of Dawn	193,501	1.9	21,130	9,158
Taizhou Jingrui Dignity Mansion	57,810	0.6	2,807	20,597
Ningbo Jingrui Dignity Mansion	10,419	0.1	632	16,485
Ningbo Jingrui Titian Garden	1,051,770	10.1	87,248	12,055
Ningbo Jingrui The Mansion	13,767	0.1	722	19,070
Ningbo Jingrui Harbour City	3,025	–	103	29,257
Ningbo Jingrui Majestic Mansion	5,190	–	115	45,293
Ningbo Jingrui Headream Mansion	1,783,998	17.1	87,743	20,661
Hangzhou Jingrui Royal Bay	26,084	0.2	1,746	14,944
Hangzhou Jingrui Royal Mansion	20,342	0.2	1,814	11,215
Hangzhou Jingrui Shenhua No. One	70,165	0.7	2,321	60,997
Hangzhou Jingrui Shenhua County	12,167	0.1	469	25,954
Hangzhou Jingrui Majestic Mansion	2,171,376	20.8	70,571	30,769
Hangzhou Jingrui Yangming Valley	102,213	1.0	7,354	13,900
Hangzhou Jingrui Yuan Villa	19,488	0.2	4,527	4,305
Chongqing				
Chongqing Jingrui Royal Bay	21,858	0.2	3,134	6,974
Chongqing Jingrui Online Family	21,682	0.2	819	26,466
Tianjin				
Tianjin Jingrui Hyatt Mansion	23,594	0.2	1,240	19,027
Other projects	11,462	0.1	826	13,877
Sub-total	**9,914,240**	**95.0**	**597,590**	**16,590**
Car park	526,033	5.0	4,438	–
Total	**10,440,273**	**100.0**	**–**	**–**

Yan Capital Management (優鉞資管)

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capabilities, extensively expanded its presence in the capital market and established a cooperative network to access investors' resources for real estate development and optimize capital structure.

As at 31 December 2018, Yan Capital Management promoted and established six funds with a total size of approximately RMB2 billion. The proceeds from fund raising in 2018 amounted to approximately RMB800 million.

Joyride Apartment (悦樘公寓)

Joyride Apartment is a professional platform for the Group to operate and manage long-term rental apartments. It aims to create a multi-functional community ecology integrating social communication, entertainment, sports, leisure and catering through its innovative business model with quality living as the core. The long-term rental apartment products under the platform offer comprehensive functions covering intelligent software and hardware, marketing channels, membership system, customer service system and community life, developing a new rental economy.

In 2018, Joyride Apartment acquired seven projects including Block A Project of Beijing Cheng Yuan Building, Beijing Xinhua Cultural Building Project, Suzhou Guangyun Gusu Building Project, Beijing Jintai Road Project, Shanghai Zhongshan Building Project, North Zhongshan Road Project in Jing'an District of Shanghai and Shanghai Yinqiao Apartment Project with total apartment areas of 43,354 sq.m.. As at 31 December 2018, Beijing Sanquan Apartment Project, Shanghai Shenxin Tower Project, Shanghai Yangti Project and Hangzhou Chengxi Intime Project have been put into operation. The new projects acquired in 2018 and Shanghai Elite Residences Project are undergoing renovation.

Carry Capital (鍇瑞辦公)

Carry Capital, a professional platform for the Group to hold, operate and manage office properties, focuses on urban renewal as well as the development, holding, leasing, operation and management of office buildings in first-tier cities.

In 2018, Carry Capital acquired the NAGA Shangyuan Project in Dongzhimen, Beijing, the Foresea Zhongjin Project in Zhongguancun, Beijing and the Shanghai Lufa Project (上海路發項目), with a total office areas of 123,150 sq.m.. As at 31 December 2018, the Shanghai Keyuan Tower Project, the NAGA Shangyuan Project in Dongzhimen, Beijing and the Foresea Zhongjin Project in Zhongguancun, Beijing have been put into operation. The Shanghai Lufa Project is undergoing renovation.

Co-Fortune Capital (合福資本)

Co-Fortune Capital, as an asset-light investment platform of the Group, aims to equip the other four major segments with asset management capability. Through "Jingrui", the brand name of a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service".

In 2018, Co-Fortune Capital made outward investments of approximately RMB270 million.

Employees and Remuneration Policies

On 31 December 2018, we had a total of 3,546 full-time employees in the PRC and Hong Kong. 1,173 of our employees worked in property development operations, 2,137 of our employees were engaged in property management and 236 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business. We have also adopted a pre-IPO share award scheme on 6 October 2013 and a share award scheme on 29 November 2017 pursuant to which share awards were granted to selected employees of the Group.

The Group's staff costs for the year ended 31 December 2018 amounted to RMB453.2 million (for the year ended 31 December 2017: RMB444.9 million). Staff costs include a remuneration expenses in relation to share-based payments of RMB4.2 million recognized for the Year (for the year ended 31 December 2017: RMB8.6 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We also designed trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we also engaged external experts or sponsored continuing educations for our employees from time to time.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the revenue of the Group reached RMB11,268.2 million, representing a decrease of 28.1% as compared to RMB15,668.4 million in last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management service, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the periods indicated:

Revenue by business segments

	2018	**Percentage of Total Revenue**	2017	Percentage of Total Revenue	Year-on-year Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Revenue from contracts with customers recognised at a point in time					
– Sales of properties	**10,440,273**	**92.7**	15,254,725	97.4	(31.6)
– Others	**56,894**	**0.5**	16,410	0.1	246.7
	10,497,167	**93.2**	15,271,135	97.5	(31.3)
Revenue from contracts with customers recognised over time					
– Property management service	**386,329**	**3.4**	272,538	1.7	41.8
– Decoration of properties	**250,976**	**2.2**	66,942	0.4	274.9
	637,305	**5.6**	339,480	2.1	87.7
Rental income	**133,731**	**1.2**	57,789	0.4	131.4
Total	**11,268,203**	**100**	15,668,404	100	(28.1)

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 92.7% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group mainly included Suzhou Jingrui Majestic Mansion, Ningbo Jingrui Titian Garden, Ningbo Jingrui Headream Mansion and Hangzhou Jingrui Majestic Mansion. Revenue from sales of properties decreased by approximately 31.6% to approximately RMB10,440.3 million in 2018 from approximately RMB15,254.7 million in 2017, mainly due to the transformation and upgrading of the Group which led to a decrease in projects within consolidation scope and an increase in fund-based and cooperative development projects.

Our property management service revenue represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2018, property management revenue of the Group was approximately RMB386.3 million, representing an increase of approximately 41.8% as compared to that of last year. Our property management revenue increased significantly, primarily due to the continued growth in the total area of our completed properties and the increase in the third-party property management fee.

Revenue from decoration of properties represents realised revenue generated from decoration works we provided. In 2018, such revenue of the Group was approximately RMB251.0 million, representing an increase of 274.9% as compared to that of last year, which was due to the increase in revenue derived from implement of customized decoration services to certain new projects launched by the Group.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. In 2018, rental income of the Group was approximately RMB133.7 million, representing an increase of 131.4% as compared to that of last year. It was mainly due to the significant increase in the rental income from properties held by the Group arising from the further expansion of the apartment and office platform during the Year. The rental income was mainly derived from investment properties such as Beijing Jingrui Sanquan Apartment, Ningbo Jingrui Harbour City, Shanghai Jingrui Keyuan Tower and Shanghai Jingrui Upper Riverside.

Cost of Sales

Our cost of sales primarily represents the cost we incur directly for the property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction cost, land use right cost and capitalized interest cost on related borrowings for the purpose of property development during the period of construction.

Our cost of sales decreased by 33.7% from RMB13,150.3 million in 2017 to RMB8,721.0 million in 2018, primarily due to the reduction in the number and GFA of delivered development property projects during the Year.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Construction costs	**2,952,733**	**33.9**	5,588,090	42.5
Land use right costs	**4,438,114**	**50.9**	5,743,559	43.7
Capitalized interest	**813,874**	**9.3**	1,234,997	9.4
Sub-total: Total cost of properties	**8,204,721**	**94.1**	12,566,646	95.6
Business tax and surcharges	**60,764**	**0.7**	224,987	1.7
Provision for impairment of properties held or under development for sale, net	**1,855**	**–**	55,697	0.4
Other costs (1)	**453,670**	**5.2**	302,935	2.3
Total	**8,721,010**	**100.0**	13,150,265	100.0
Total GFA delivered (sq.m.)	**597,590**		1,205,323	
Average cost of properties per sq.m. sold (RMB) (2)	**13,730**		10,426	
Average cost per sq.m. as % of ASP	**82.8**		85.1	

Notes:

(1) Includes costs associated with property management, leasing and other operations.

(2) Refers to cost of properties sold for a period divided by total GFA delivered (excluding car parks) in that period.

Gross Profit and Gross Profit Margin

Our gross profit increased by 1.2% from RMB2,518.1 million in 2017 to RMB2,547.2 million in 2018. The Group recorded a gross profit margin of approximately 22.6% for the year ended 31 December 2018, compared to that of approximately 16.1% for the year ended 31 December 2017. Our gross profit margin significantly increased as compared to that of last year, which was mainly due to the completion of a majority of the adjustment in our overall strategy of shifting our focus from third-tier and fourth-tier cities to first-tier and second-tier cities which resulted in high-quality business growth and a substantial increase in the average selling prices of properties in line with an increase in our stock of properties in first-tier and second-tier cities.

Gains arising from appreciation of investment properties under office and apartment platform

For the year ended 31 December 2018, the gains arising from appreciation of investment properties under office and apartment platform were RMB388.1 million (2017: RMB38.8 million).The gains arising from appreciation of investment properties in 2018 were mainly attributable to price premium of the Shanghai Jingrui Keyuan Tower, Shanghai Jingrui Life Square Project, Beijing Jingrui Foresea Zhongjin Project in Zhongguancun, Beijing Jingrui NAGA Shangyuan Project in Dongzhimen, Beijing Jingrui Sanquan Apartment Project and Suzhou Jingrui Guangyun Gusu Building Project.

Fair Value Gains/(losses) on investment properties under other platforms

For the year ended 31 December 2018, the fair value gains on investment properties under other platforms were RMB54.7 million (2017: losses of RMB2.8 million). The fair value gains on investment properties in 2018 were mainly attributable to appreciation of Ningbo Jingrui Harbour City Project.

Selling and Marketing Costs

Our selling and marketing costs decreased by 15.6% from RMB363.9 million in 2017 to RMB307.2 million in 2018, primarily due to the decrease in consolidated projects arising from the increase in fund-based and corporative development projects of the Group.

Administrative Expenses

Our administrative expenses increased by 28.4% from RMB607.8 million in 2017 to RMB780.3 million in 2018. Such an increase was primarily due to the increase in expenses arising from our business expansion and staff costs.

Other Income and Other Gains, Net

Other income decreased by 76.5% from RMB290.7 million in 2017 to RMB68.3 million in 2018. Other income recorded in 2018 was mainly attributable to the gain on government grants we obtained of RMB27.0 million and interest income on loans to joint venture of RMB21.1 million.

We recorded other gains of RMB228.8 million in 2018, compared to other gains of RMB136.1 million in 2017. Other gains recorded in 2018 were primarily due to gains from disposal of investment properties of RMB166.7 million. Other gains recorded in 2017 were primarily due to the appreciation of the existing equity interests arising from the share repurchase by Ningbo Jingrui Property Co., Ltd. and gains from disposal of 50 % equity interest in Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司), as well as gains from sales of investment properties held by the Group.

Finance (Costs)/Income, Net

Our finance income decreased by 10.6% from RMB59.6 million in 2017 to RMB53.3 million in 2018, primarily as a result of the decrease in interest income on bank deposits. Our finance costs increased by 98.3% from RMB170.3 million in 2017 to RMB337.7 million in 2018, mainly due to the significant exchange rate fluctuations in this year, resulting in an increase in exchange losses.

Share of Results of Joint Ventures/Associates

For the year ended 31 December 2018, our share of results of joint ventures/associates was a gain of RMB125.1 million (2017: loss of RMB78.2 million), mainly because of a substantial increase in the income and profit carried forward for some associates during the Year.

Income Tax Expense

Our income tax expense decreased by 19.5% from RMB916.4 million in 2017 to RMB737.5 million in 2018, primarily due to the return of the prepaid land value-added tax during the Year from low margin projects developed in previous years.

Profit for the Year

Profit for the Year reached RMB1,302.9 million, of which profit attributable to our equity holders was RMB1,031.9 million in 2018. Profit for the Year without taking into account the changes in fair values of investment properties and relevant deferred tax was RMB1,261.9 million.

Profit attributable to the holders of perpetual capital instruments decreased from RMB20.5 million in 2017 to RMB0 in 2018.

Profit attributable to non-controlling interests increased by 248.8% from a gain of RMB77.7 million in 2017 to a gain of RMB271.0 million in 2018. It was mainly due to an increase in the delivery of non-wholly owned projects for the Year which led to more revenue recognised.

LIQUIDITY AND CAPITAL RESOURCES

The industry in which the Group operates is a capital-intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan, and the Group's sources of liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 31 December 2018, our cash at bank and on hand (including restricted cash) was RMB13,070.2 million. Our cash at bank and on hand are mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB14,114.8 million as at 31 December 2017 to RMB18,700.8 million as at 31 December 2018. As at 31 December 2018, we had unutilized banking facilities of approximately RMB16,952.6 million. All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2018, the assets used as collaterals for the borrowings amounted to RMB16,855.3 million (31 December 2017: RMB10,838.2 million) and the total guarantee provided to joint ventures for their borrowings amounted to RMB930.5 million (31 December 2017: RMB1,000.0 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December		
	2018	2017	Year-on-year change
	RMB'000	*RMB'000*	%
Current Borrowings:			
Bank loans, secured	**1,045,600**	764,418	36.8
Other loans, secured	**1,055,620**	–	–
Trust financing arrangements, secured:			
– conventional loan	**231,900**	471,400	(50.8)
Add: current portion of long-term borrowings:			
Bank loans, secured	**1,194,120**	1,772,770	(32.6)
Other loans, secured	**420,000**	–	–
Trust financing arrangements, secured	**297,700**	1,374,300	(78.3)
Senior notes due 2018, secured	**–**	422,192	(100.0)
Corporate bonds due 2019	**946,942**	–	–
Corporate bonds due 2021	**1,491,522**	–	–
Total Current Borrowings	**6,683,404**	4,805,080	39.1
Non-Current Borrowings:			
Bank loans, secured	**5,392,476**	4,061,368	32.8
Other loans, secured	**2,335,000**	1,000,000	133.5
Trust financing arrangements, secured:			
– conventional loan	**1,094,700**	1,904,800	(42.5)
– equity with repurchase obligation	**–**	480,000	(100.0)
Senior notes due 2020, secured	**2,724,530**	2,579,882	5.6
Senior notes due 2021, secured	**2,382,473**	–	–
Senior notes due 2018, secured	**–**	422,192	(100.0)
Corporate bonds due 2019	**946,942**	942,783	0.4
Corporate bonds due 2021	**1,491,522**	1,487,920	0.2
Less: current portion of long-term borrowings:			
Bank loans, secured	**(1,194,120)**	(1,772,770)	(32.6)
Other loans, secured	**(420,000)**	–	–
Trust financing arrangements, secured	**(297,700)**	(1,374,300)	(78.3)
Senior notes due 2018, secured	**–**	(422,192)	(100.0)
Corporate bonds due 2019	**(946,942)**	–	–
Corporate bonds due 2021	**(1,491,522)**	–	–
Total Non-Current Borrowings	**12,017,359**	9,309,683	29.1
Total	**18,700,763**	14,114,763	32.5

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Within 1 year	**6,683,404**	**35.7**	4,805,080	34.0
Between 1 and 2 years	**7,126,294**	**38.1**	3,582,494	25.4
Between 2 and 5 years	**3,923,218**	**21.0**	4,894,389	34.7
Over 5 years	**967,847**	**5.2**	832,800	5.9
Total	**18,700,763**	**100**	14,114,763	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 64.26% for the year ended 31 December 2018, ensuring the healthy and stable cash flow of the Group in the future.

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 7.88% and 6.98% as at 31 December 2018 and 2017 respectively. The Group's bank and other borrowings as at 31 December 2018 were primarily borrowings at fixed interest rates.

Interest and foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans

	Year ended 31 December		
	2018	2017	Year-on-year change
	RMB'000	*RMB'000*	*%*
Borrowing costs			
– Interest expensed	**148,144**	258,566	(42.7)
– Net foreign exchange losses/(gains) on financing activities expensed	**188,965**	(143,388)	(231.8)
– Amount capitalized	**1,387,128**	855,329	62.2
– Loss from early redemption of senior notes	**–**	53,822	(100.0)
Total	**1,724,237**	1,024,329	68.3

The table below sets forth the weighted average effective interest rates on our bank and other borrowings as at the dates indicated:

	As at 31 December	
	2018	2017
Bank loans	**6.37%**	5.98%
Trust financing arrangements	**12.97%**	9.57%
Senior notes	**8.39%**	9.66%
Corporate bonds	**7.09%**	6.28%
Other loans	**9.86%**	–
Weighted average effective interest rates	**7.88%**	6.98%

Net Debt-to-Capital Ratio

As at 31 December 2018, our net debt-to-capital ratio was 64% (2017: 68%). Net debt-to-capital ratio is calculated as net borrowings at the end of the period divided by total equity, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

CONTINGENT LIABILITIES

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2018, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB3,862.0 million (2017: RMB4,649.5 million). In addition, we provided guarantee for certain bank loans amounting to RMB930.5 million (2017: RMB1,000.0 million) for our joint ventures.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of 31 December 2018, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

INTEREST RATE RISK

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank and trust financing providers. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

FOREIGN EXCHANGE RISK

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2017 and 2018, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As of 31 December 2018, the balance of the Group's available-for-sale financial assets was nil, which was mainly due to the reclassification of financial assets to either financial assets at fair value through profit or loss, or financial assets at fair value through other comprehensive income following the adoption of HKFRS 9. The amount of approximately RMB1,021.0 million as at 31 December 2017 was mainly the remaining equity interests in Shanghai Jingqi Property Development Co., Ltd. held by the Group and the investments in unlisted equity securities and liquid opportunity fund.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

As of 31 December 2018, the balance of the Group's financial assets at fair value through profit of loss mainly represented the investments in liquid opportunity fund, purchase of wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investments in unlisted equity securities.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no major acquisitions and disposals in 2018.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Directors confirmed that as at the date of this announcement, there is no current plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

PROSPECTS

Looking forward to 2019, the PRC's economy will maintain a healthy development trend and head into a stage of high-quality development, and the uncertainty it faces will be more controllable than that in 2018. For the internal and external risks, we can tell that the fiscal and monetary policies have begun to deal with some of the risks of economic decline, and the reshuffle of economic drivers will be further advanced. It is foreseeable that the economic risks in 2019 will be controllable and the economy will remain relatively stable.

As far as the real estate market is concerned, "stabilizing land prices, stabilizing property prices, and stabilizing expectations" will remain the main target of the regulation, and the keynotes of "housing is for accommodation, not for speculation" and "equal rights for home tenants and owners" will remain unchanged. While there will be a high possibility that the real estate policy will be fine-tuned, the policy in different places will be adjusted under the guideline of "adjustment based on local conditions" and the real estate industry will usher in further transformation and upgrading.

With the change of market trend, there is a high probability that the property developers will roll out major upgrade in their products in 2019, which is not only the improvement in standards, but more of a review of product positioning for the needs of customers. Jingrui will also continue to upgrade its customization system centering on its "customer insight" strategy, accelerate the launch of the customized products and expand the coverage. At the same time, Jingrui will take the opportunity to improve its product service capabilities to obtain management service fees and expand its source of profits.

Jingrui will also continue to enhance our service value. On the one hand, it will strive to diversify its sources of income with profits from investment, management fee income and operating income from its self-owned properties and thus maximize the return to its investors with high premium; on the other hand, it will expedite our transformation into an operator with high valuation and achieve sustainable development of the Company through the development of the five major business platforms. We wish to be recognised by our customers, shareholders, investors as well as the industry and the public for our quality products and services, high-efficiency business models and excellent operating results, and constantly generate our corporate value.

DIVIDEND

The Board proposed to pay a dividend of HKD0.30 per share for the year ended 31 December 2018 (2017: HKD0.25) to shareholders whose names appear on the register of members of the Company on 15 May 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 27 April 2019 to Tuesday, 7 May 2019, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend the forthcoming annual general meeting to be held on Tuesday, 7 May 2019. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 26 April 2019.

The register of members of the Company will be closed from Saturday, 11 May 2019 to Wednesday, 15 May 2019, both days inclusive, in order to determine the identity of the shareholders who are eligible to receive the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 10 May 2019. Subject to approval by the shareholders at the annual general meeting, dividend warrants are expected to be despatched to the shareholders by post on or before Friday, 24 May 2019.

PREVIOUS FUND RAISING ACTIVITES

Date	Fund raising activity	Net proceeds raised (approximately)	Use of the net proceeds
March 2016	Issue of RMB1.5 billion 5.88% corporate bonds due 2021	RMB1,500 million	To improve the debt structure of the Company
September 2016	Issue of RMB1.0 billion 6.75% corporate bonds due 2019	RMB1,000 million	To improve the debt structure of the Company
April 2017	Issue of US$400 million 7.75% senior notes due 2020 ("**2020 Notes I**")	US$393 million	To further finance the existing debts of the Group
April 2018	Issue of US$350 million 9.45% senior notes due 2021 ("**2021 Notes**")	US$346 million	To further finance the existing debts of the Group and for general corporate purposes
January 2019	Issue of US$150 million 13.00% senior notes due 2020 ("**2020 Notes II**")	US$147.5 million	To further finance the existing debts of the Group and for general corporate purposes

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. During the Year, the Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code for the Year save for a deviation from the code provision set out in paragraph A.2.1 of the CG Code with respect of the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Company. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision set out in paragraph A.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Company's growth and business expansion since 1999. The Board considered that vesting the roles of co-chairman and chief executive officer of the Company in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company. In addition, the Board believes that the powers and authorities of the co-chairmen of the Company have not been concentrated as the responsibilities have been shared between the co-chairmen of the Company. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. The Board currently comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG code.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the annual results of the Company and the accounting principles and practices adopted by the Company, and discussed with them the audit, risk management, internal control and financial reporting matters of the Group, including review of the financial statements for the Year.

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2018 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that he has complied with the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2018, the Company repurchased a total of 18,947,000 shares on the Stock Exchange. All the shares repurchased were subsequently cancelled by the Company, details of which are as follows:

Month of repurchase	**Number of shares repurchased**	**Price per share (HKD) Highest**	**Price per share (HKD) Lowest**	**Aggregate price (HKD)**
July	7,194,000	2.50	2.49	17,980,620
August	1,285,000	2.50	2.39	3,161,510
September	5,068,000	2.50	2.26	12,293,210
October	3,900,000	2.29	1.99	8,372,790
November	1,500,000	2.04	1.83	2,941,490
Total	18,947,000	2.50	1.83	44,749,620

Save as disclosed above, the Company or any of its subsidiaries (other than the trust of the share award scheme) did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2018.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2018 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jingruis.com) and the 2018 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course for inspection.

By order of the Board
Jingrui Holdings Limited
Yan Hao Chen Xin Ge
Co-chairmen

Hong Kong, 19 March 2019

As at the date of this announcement, the Board of Directors of the Company comprises Yan Hao, Chen Xin Ge, Xu Chao Hui and Xu Hai Feng, as executive Directors; Han Jiong, Qian Shi Zheng and Lo Wing Yan William, as independent non-executive Directors.

* *For identification purpose only*